Benefits from CAFTA-DR
Georgia

U.S. Department of Commerce
International Trade Administration
March 2005

Georgia's export shipments of merchandise—manufactures and non-manufactures—to the CAFTA-DR region (Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua) totaled $667 million in 2004, the fifth-largest total among the 50 states. Georgia's exports to the CAFTA-DR region accounted for 3.4 percent of the state's total exports to the world in 2004, the seventh-largest share among the states and well above the 1.9 percent national average.

Georgia's exports to the CAFTA-DR region increased from 2000 to 2004 by $113 million, the ninth-largest dollar gain among the states. This represents a gain of 20 percent over that time period, which is slightly greater than the 16 percent rise in total U.S. exports to the CAFTA-DR region.

Collectively, the countries of CAFTA-DR were Georgia's ninth-largest export destination, ahead of Singapore, Australia, or Chile. Individually, the CAFTA-DR markets are important trading partners for Georgia. In 2004, the Dominican Republic alone received merchandise exports from Georgia totaling $155 million and was the state's 23rd-largest market. Three other CAFTA-DR countries (Honduras, El Salvador, and Costa Rica) ranked among Georgia's top 30 export markets that year.

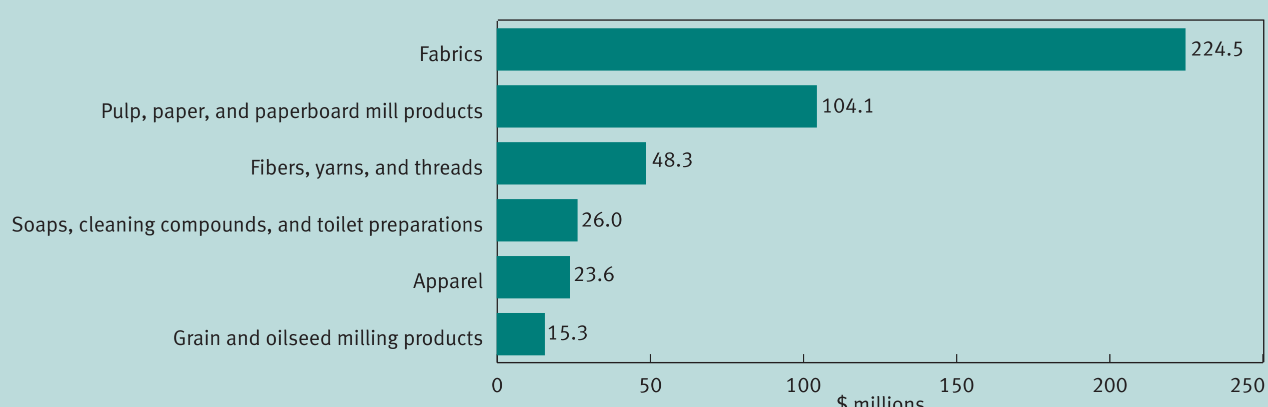
CAFTA-DR Provides Enhanced Market Access to the Dominican Republic and Central America

CAFTA-DR will boost opportunities for Georgia's exporters throughout the region, providing new market access for the state's products. More than 80 percent of U.S. exports of consumer and industrial products to Central America and the Dominican Republic will be duty-free immediately upon entry into force of the agreement, with remaining tariffs phased out over 10 years. Key U.S. exports, such as information technology products, agricultural and construction equipment, paper products, chemicals, and medical and scientific equipment, will gain immediate duty-free access to Central America and the Dominican Republic.

CAFTA-DR Moves the Trading Relationship from One-way Preferences to Reciprocity

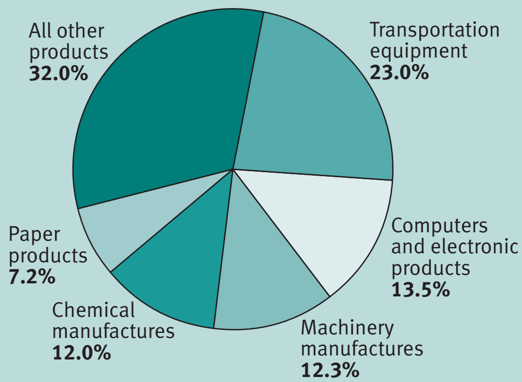
For 20 years, most Central American and Dominican Republic exports to the United States benefited from duty-free treatment, primarily as a result of the Caribbean Basin Initiative (CBI). Currently about 80 percent of the region's exports enter the United States duty-free, while U.S. goods exported to the CAFTA-DR countries face significant tariffs.

Georgia Exported $627.3 Million Worth of Manufactured Goods to the CAFTA-DR Region in 2004
Fabrics Dominate Exports



Source: U.S. Department of Commerce.

Georgia Exports a Wide Range of Goods to the World: $19.6 Billion in 2004



Source: U.S. Department of Commerce.

CAFTA-DR Improves the Competitiveness of Georgia's Textile Manufacturers

The state's top export category to the CAFTA-DR group is fabrics. In 2004, Georgia exported fabrics valued at $224.5 million to the CAFTA-DR countries, representing 34 percent of the state's total exports to the region. Dollar gains in Georgia's exports to the CAFTA-DR region from 2000 to 2004 were mainly due to fabrics (up $200 million) and fibers, yarns, and threads (up $42 million).

CAFTA-DR provides regional garment-makers—and their U.S. suppliers of fabric and yarn—a critical advantage in competing with Asia. Garments made in the region will be duty-free under the agreement if they use U.S. fabric and yarn, thereby supporting U.S. exports and jobs. Textile and garment factories in Central America and the Dominican Republic purchase large amounts of fabric and yarn from the United States: the region is the second-largest world market for these U.S. products.

CAFTA-DR Opens Markets for Other Key Georgia Exports

Manufactured goods accounted for 94 percent of Georgia's total merchandise exports to the CAFTA-DR region in 2004:

Paper products. Georgia's other leading exports to CAFTA-DR markets are pulp, paper, and paperboard mill products ($104 million in 2004). Overall, 78 percent of U.S. exports to Central America and the Dominican Republic will receive duty-free treatment immediately upon implementation of the agreement. Tariffs on high-value paper products, including writing paper, coated paper, paperboard, cartons, and boxes, will, in most cases, be phased out immediately or over five years.

Chemical manufactures. In dollar terms, chemical manufactures represent Georgia's third-leading export category to the CAFTA-DR region. Export shipments of these products increased between 2000 and 2004 by 51 percent. Within this category, soaps, cleaning compounds, and toilet preparations (up $14 million from 2000 to 2004) were the leading Georgia exports to the region. Tariffs on many high-value chemical products, such as residual pharmaceuticals, medications, and insecticides/herbicides, will, in most cases, be phased out immediately or over five years. Total exports of chemical manufactures from Georgia to the CAFTA-DR region were $55 million in 2004.

Georgia's Farmers Will Benefit from CAFTA-DR

Despite high tariffs and other barriers on most agricultural products, including those important to Georgia's farmers—such as poultry, cotton, peanuts, and beef—U.S. exporters shipped over $1.6 billion in U.S. farm products to the CAFTA-DR region in 2003. A primary U.S. objective was to change the "one-way-street" of duty-free access currently enjoyed by most CAFTA-DR exports into a "two-way-street" that provides U.S. suppliers with access to these markets and levels the playing field with other competitors. This objective was achieved. More than 50 agricultural industry and farm groups, including the American Farm Bureau, support the FTA.

For more information on agricultural exports and the CAFTA-DR agreement, see the state fact sheets posted by the U.S. Department of Agriculture at *www.fas.usda.gov/info/factsheets/CAFTA/state.html*.

Georgia's Exports Were Spurred by Past Trade Agreements

In the first year of the U.S-Chile FTA, Georgia's exports to Chile grew 13 percent. Since the North American Free Trade Agreement (NAFTA) was signed in 1993, Georgia's combined exports to Canada and Mexico have increased by more than 200 percent.

The Central American–Dominican Republic Free Trade Agreement (CAFTA-DR) group consists of Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua.

All state export data in this report are based on the Origin of Movement (OM) series. This series allocates exports to states based on transportation origin—i.e., the state from which goods began their journey to the port (or other point) of exit from the United States. The transportation origin of exports is not always the same as the location where the goods were produced. Thus conclusions about "export production" in a state should not be made solely on the basis of the OM state export figures.

Source: Bureau of the Census, U.S. Department of Commerce, Origin of Movement series.

Prepared by the International Trade Administration, U.S. Department of Commerce.